

PPROVED

NHS GRAMPIAN

Minutes of Meeting of Audit and Risk Committee
on Tuesday 12th December 2023 at 11.00
by Microsoft Teams

Board Meeting 11.04.2024 Open Session Item 12.01

Present	Mr Derick Murray Mr Bert Donald Mr Steven Lindsay Cllr Ian Yuill	Chair, Non-Executive Board Member Non-Executive Board Member Employee Director/Non-Executive Board Member Non-Executive Board Member
Attending	Ms Julie Anderson Mr Robert Barr Mr Grant Burt Ms Gillian Collin Prof Nick Fluck Ms Rebecca Lister Ms Jennifer Matthews Mr Gavin Payne Ms Angela Pieri Mr Alex Stephen Ms Else Smaaskjaer	Assistant Director of Finance Manager, PricewaterhouseCoopers LLP (PwC) Financial Governance Manager Director, PricewaterhouseCoopers LLP (PwC) Medical Director and Executive Lead for Risk (Item 8.1) Senior Audit Manager, Grant Thornton Corporate Risk Adviser (Item 8.1) General Manager, Facilities and Estates (Item 8.2) Audit Director, Grant Thornton Director of Finance Senior Administrator (Minute)
Apologies	Cllr Tracy Colyer Ms Alison Evison	Non-Executive Board Member Chair, NHS Grampian

Item	Subject	Action
1	Apologies Noted above.	
2	Declarations of Interest There were no declaration of interest.	
3	Chair's Welcome and Briefing Mr Murray welcomed everyone to the meeting.	
4	Minutes of Meeting on 24th October 2023 The minute was approved as an accurate record.	
5	Matters Arising 5.1 Action Log of 24th October 2023 The Committee reviewed the action log of items from previous meetings, noted the updates provided and that items were either complete, on the agenda for this meeting or scheduled for future meetings of the Committee.	

The Audit and Risk Committee noted progress to date.

5.2 Any other matters arising not on the action log

Item 5.1 - It was clarified that the Chief Executive Team had commissioned a working group to review all governance arrangements including workforce, clinical, finance and corporate governance. The group will gain a complete overview of arrangements and report any emerging issues to the Chief Executive Team. Engagement with IJBs and the wider system will take place at a later stage.

6 Internal Audit

6.1 Internal Audit Progress Report

A report was presented which detailed progress on internal audit activity. Since the last meeting of the Committee draft reports had been issued to management on Complaints Handling and Unscheduled Care. Final terms of reference for the reviews of Performance Management and Portfolio Governance had been agreed with fieldwork scheduled to begin in December 2023. A planning meeting to agree the scope of the review of Key Financial Controls had agreed it would focus on specific areas including standing data. Fieldwork for the review of Capital Procurement will begin in January 2024 and a draft report on Waiting Times was ready for issue.

There were four open high risk findings from the report on Ransomware finalised in June 2023. These were due for completion in December 2023 but due to unforeseen challenges no detailed update was available prior to this meeting. Management had indicated that some progress had been made and the ICT Services Team had assessed which actions can be completed and will propose revised implementation dates for those. Internal Audit will follow up on the status of actions in January 2024 and circulate a detailed update to members of the Audit and Risk Committee.

No changes had been made to the agreed plan for 2023/24.

Complaints Handling (Draft)

The review had centred on the arrangements in place to support the complaints handling process. A draft report had been issued to management and is now subject to review, agreement of management actions and sign-off. The review had identified one medium risk recommendations in relation to no formal requirement in place for all staff involved in complaints handling to complete training on good practice. Two low risk recommendations were identified in relation to the need to update the complaints procedure to reflect current practice and to review the terms of reference for the Chief Executive Team and the Clinical Governance Committee.

Good practice was noted in the use of DATIX and the governance structure in place around complaints handling.

Unscheduled Care (Draft)

The review had centred on the arrangements in place to support the management of the Unscheduled Care Improvement Plan. It was noted that the NHS Grampian Board is currently in the process of restructuring how this is managed and reported in line with guidance from the national Centre for Sustainable Delivery. A draft report had been issued to management and is now subject to review, agreement of management actions and sign-off. The review had identified one medium risk recommendations in relation to no formal discussion regarding progress against the improvement plan at programme board meetings. Three low risk recommendations were identified in relation to the lack of clarity regarding the status of actions on the priority action plan, no fixed definitions around RAG ratings and a lack of a clear escalation process for delayed/overdue actions. Good practice was noted in the establishment of the Unscheduled Care Improvement Programme Board to take this work forward and the availability of a performance scorecard to show progress against the improvement plan.

Points raised:

- It was clarified that the term “subject to agreeing the management actions” refers to the process when draft report is complete to meet with key colleagues and managers to agree proposed actions, with timescales, to address any recommendations identified in the review. There is rarely any disagreement in relation to proposed actions, and if there were internal audit would report this to members of the Audit and Risk Committee.
- Given the outstanding actions against the high risk findings in the ransomware report it was confirmed that a full update on actions and progress will be made available to members of the Committee in January and approval sought for any requested changes to target dates.
- The internal audit report of complaints handling did not include requests for information from patients as these are considered in the context of Subject Access Requests rather than formal complaints.

The Audit and Risk Committee requested that a full update on the status of outstanding actions in the Ransomware report is provided in January 2024 and approval sought for any requested changes to target dates.

PwC

The Audit and Risk Committee were content with the information provided and confirmed that the report provided assurance that the risks identified are being managed appropriately.

Item	Subject	Action
6.2	<p>Progress Report – Medium and Low Risk Recommendations</p> <p>A paper detailed the progress made against the 23 open medium and low risk recommendations across NHS Grampian. Following discussions with managers named as the responsible person for each recommendation four medium and three low risk recommendations had been closed due to becoming categorised as business as usual.</p> <p>Ten recommendations were noted as overdue their target date and discussion will continue with managers for progress updates. There will also be continued monitoring to ensure they are progressed in a timely manner.</p> <p>Following review of the paper the Audit and Risk Committee were content that it provided assurance that internal audit recommendations are being actioned in response to internal audit findings.</p>	
6.3	<p>IJB Internal Audit Summary Report</p> <p>A paper reported an update on internal audit reporting to the Audit Committees of Aberdeen City, Aberdeenshire and Moray Integration Joint Boards. Discussions are ongoing to confirm the inclusion of assurance statements from the three Chief Officers of the IJBs in future reports.</p> <p>The paper noted that internal auditors could only provide limited assurance that Moray and Aberdeenshire had adequate systems of governance, risk management and internal controls. Assurance will be sought that there is ongoing work to remedy this position.</p> <p>An internal audit report into Complaints Handling at Aberdeen City had reported weaknesses and the management response had confirmed actions would be progressed to address the findings.</p> <p>It was confirmed that internal audit report sharing between IJBs and NHS Grampian could be progressed. However, it would be important to remain mindful of the independent nature of IJBs and that IJBs do not have a remit over the items covered in NHS Grampian internal audit reports. The paper today should be reviewed in the context of information sharing rather than formal reporting.</p> <p>The Audit and Risk Committee noted the latest updates relating to Internal Audit activities from Aberdeen City, Aberdeenshire and Moray Integration Join Boards.</p>	
7	<p>External Audit</p>	
7.1	<p>Progress Report – Management Actions Identified in the External Audit Annual Report.</p>	

Item	Subject	Action
	<p>A report updated the Audit and Risk Committee on progress made against external audit recommendations highlighted by Grant Thornton in the 2022/23 Annual Audit Report.</p> <p>22 actions had been identified with 11 completed and the other 11 in progress. It was advised that work continues to resolve the issues around the approach to valuing land and buildings.</p> <p>The preparation timetable will be reviewed to ensure a coordinated approach to the audit process. The release of audit data to progress areas of audit that can be started prior to the draft receipt of financial statements will be taken forward.</p>	
	<p>The Audit and Risk Committee requested that another report will be presented at the next meeting on 12th March 2024.</p>	JA
	<p>The Audit and Risk Committee were content that assurance had been provided on good progress in relation to the implementation of external audit recommendations highlighted by Grant Thornton in the 2022/23 Annual Audit Report.</p>	
8	Risk and Compliance	
	8.1 Risk Management Update	
	<p>A report was presented which updated the Committee on the management of strategic risks and the activities undertaken in relation to strategic risk development. The Committee were informed of ongoing discussions with aligned risk owners regarding amendment to individual risk descriptions to clearly articulate population health risks.</p> <p>During discussion with the Chief Executive Team in November it had been agreed that assigning the correct risk level and score are essential in terms of ensuring informed decision making and identifying the required response. In addition work will commence with Board Committees early in 2024 regarding new risk reporting criteria and review of strategic risks aligned to each Committee.</p> <p>Work will continue on processes to agree new risks and modify existing risks. Any agreed amendments to the Strategic Risk Register, including additions, descriptions and levels, will be reported to the Audit and Risk Committee for consideration.</p>	
	<p>The Audit and Risk Committee confirmed that the paper provided assurance that:</p>	
	<ul style="list-style-type: none"> • Improvements are being made regarding the development and management of the Strategic Risk Register. 	
	8.2 NHS Grampian Compliance Group Update	
	<p>A report was presented which provided an update on the progress of</p>	

the Compliance Group. Minutes of meetings of the group in the period May 2023 to November 2023 were included to evidence discussions and highlight any issues that have emerged since the previous update. Recent flash reports to the Chief Executive Team were also appended.

The Committee was informed in addition to detailing achievements and good progress the flash reports also highlight any areas of concern outlining key risks, mitigations and next steps.

It was confirmed that the requirements and recommendations raised following a HIS inspection in August 2021 relates to ionizing radiations and is managed by the NHSG Radiation Safety Committee, which reports to the Health, Safety and Wellbeing Committee. Outstanding actions will be reviewed at the next meeting of the Compliance Group.

The Audit and Risk Committee noted:

- **The NHS Grampian Compliance Group had met three times since the previous update in June 2023;**
- **The Compliance Group had reviewed and updated the Regulatory Body Compliance Summary register;**
- **The Subject Matter Experts reporting annual review dates had been agreed for 2024;**
- **The Compliance Group continues to progress and develop an understanding of topic areas to report and highlight areas of concern and provide assurance to the Chief Executive Team and the Audit and Risk Committee.**
- **The wide scope and remit of the Compliance Group is being actively monitored; and**
- **The ongoing work to refine the approach to reviewing and managing strategic compliance risks had confirmed that the Bow Tie Methodology would be used.**

9 Financial Governance

9.1 Counter Fraud Update

The Committee considered a report which summarised the current status of ongoing investigations and progress in relation to counter fraud activities in the current financial year.

The Committee was advised that Counter Fraud Services had closed the case regarding false claims for reimbursement by a Dental Practice and no criminal prosecution will be taken forward.

Items discussed:

- The NHS Grampian Counter Fraud Steering Group had discussed the Counter Fraud Strategy. Counter Fraud Services had confirmed its commitment to provide support in identifying areas to target from an operational perspective – e.g. staff

absence.

- Counter Fraud Services will provide advice on lessons learned, awareness raising and prevention tactics.
- A group had been established to take forward work around developing a Standards of Business Conduct policy. This will reflect the obligations on employees to record any offers of gifts/hospitality in the Corporate Register of Interests, Gifts and Hospitality maintained by the Board Secretariat. This will also be included in the review of Standing Financial Instructions which will be presented to the Audit and Risk Committee on 12th March 2024.

The Audit and Risk Committee:

- **Confirmed it had reviewed and scrutinised the information provided in the paper and agreed that it provided assurance in relation to the status of the ongoing investigations within the Board and progress to Counter Fraud as part of the Board’s annual action plan.**
- **Asked that the review of Standing Financial Instructions highlights the obligations in terms of the Corporate Register of Interest, Gifts and Hospitality.**

9.2 Review of Single Tender Actions

The Committee noted a report which provided a summary of single tender actions authorised from September 2023 to November 2023.

The Audit and Risk Committee:

- **Reviewed and scrutinised the information provided in the paper and confirmed that it provided assurance that the single tender actions are compliant with extant regulations and policies.**

9.3 National Fraud Initiative (NFI) Update

Two reports had been circulated. One summarised the results for the data matching exercise for the NFI 2022/23 and one giving a more detailed analysis. The NFI counter fraud exercise matches electronic data across public and private sector bodies to prevent and detect fraud. It is undertaken bi-annually across the UK public sector. In NHS Grampian the review of matches included payments to suppliers, payroll and potential conflicts of interest. This required considerable input from Finance and Payroll colleagues.

The exercise did not identify any instances of fraudulent activity or unauthorised payments. It did identify 41 instances of overpayments made to NHS Grampian suppliers which were deemed to be due to genuine human error and actions had been agreed to recover payments made. No conflict of interest or payroll fraud was identified.

The Audit and Risk Committee:

- **Reviewed and scrutinised the information included in the**

Item	Subject	Action
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paper and the report and confirmed that it provided assurance that policies and processes are working effectively. The gaps that had been identified had been assessed and assurance provided that risks are being managed effectively.

10 AOCB

None

Dates of Future Meetings (By Teams)

Tuesday 12 th March	11.00 – 13.30
Tuesday 25 th June	11.00 – 13.30
Tuesday 10 th September	11.00 – 13.30 (in Person agreed post meeting)
Tuesday 10 th December	11.00 – 13.30